

The Impact of Globalization on Entrepreneurship Development in Developing Economies: A Theoretical Analysis of the Nigerian Experience in the Manufacturing Industry

Akpor-Robaro, Masoje Oghenerobaro Mamuzo^{[a],*}

^[a] Lecturer, Department of Economics and Business Studies, Redeemer's University, Redemption Camp, Mowe, Ogun State, Nigeria.

*Corresponding author.

Received 7 February 2012; accepted 25 April 2012.

Abstract

The paper examines the globalization phenomenon and its impact on entrepreneurship development in developing economies. It appreciates the various perspectives of globalization concept, however, it narrows the discussion to economic globalization and globalization of business in particular. A focus on the implications of globalization for entrepreneurship development in developing countries is imperative, in view of the role of entrepreneurship as the engine of economic growth, and also, considering the apparent controversy about the role of globalization in national economic growth and development which is polarized between a positive perspective and a negative perspective. The paper presents a critical analysis and appraisal of the impact of globalization on entrepreneurship in Nigeria. The analysis is founded on a blend of scattered observations and some qualified reasoning based on information from literature on indigenous entrepreneurship and economic/industrial activities, since the past one decade when the gospel of globalization began; and the relationship between globalization and entrepreneurship. The analysis reveals that globalization has both positive and negative implications for entrepreneurship development, however it is noted that for developing economies, the negative impact far outweighs the positive impact. It is therefore recommended that developing countries must make conscious effort to engage economic policies and measures to manage the influence of globalization on entrepreneurship development, in a way that reduces the negative impact and promotes the positive impact. In conclusion, the paper emphasizes that developing countries must operate a selective or guided open system

with regards to business entry into their economies from outside, to guard against market adverse effect due to globalization.

Key words: Globalization; Entrepreneurship development; Impact guided open system; National economic growth and development

Akpor-Robaro, Masoje Oghenerobaro Mamuzo (2012). The Impact of Globalization on Entrepreneurship Development in Developing Economies: A Theoretical Analysis of the Nigerian Experience in the Manufacturing Industry. *Management Science and Engineering*, 6(2), 1-10. Available from URL: <http://www.cscanada.net/index.php/mse/article/view/j.mse.1913035X20120602.2551> DOI: <http://dx.doi.org/10.3968/j.mse.1913035X20120602.2551>

INTRODUCTION

The concept of globalization is no more novel to economists and business managers. What is new and attractive is the zeal with which it has been embraced lately and the depth of relevance which it has assumed in modern capitalism. Although it is a relatively new phenomenon in business world there is no doubt that since its introduction, it has increasingly gained currency as a strategic tool for nations' development and for growing world economy. Specifically, it has played tremendous role in breaking the barriers which hitherto have constituted bottlenecks to international integration and free flow of goods and resources.

At inception, globalization was restricted to large corporations but this has changed in the last few years. It has now permeated all forms and sizes of businesses so that it is not just large corporations that have global focus but also, smaller firms are increasingly going global. As Pearce and Robinson (2003) put it, even relatively small service firms that possess a distinct competitive advantage now capitalize on large overseas operations. While it appears that the globalization phenomenon has

offered enormous benefits to economic players and has facilitated the growth of many national economies, it is still controversial among analysts as to the exact ways in which nations and businesses have benefited from it.

However, while the controversy about the positive impact of globalization exists on one hand, there is also the theory of negative impact of globalization on the other hand, which to many overrides the positive impact. One area of focus where this debate attracts great interest for many countries and people is “entrepreneurship development”. To the positive impact school of thought, it is argued that globalization is a force for economic and entrepreneurial freedom, economic growth and prosperity. On the contrary, the negative impact theorists view globalization as a force for the suppression of the creative potentials (entrepreneurial creativity) of a people, socio-economic dictatorship and dependence, and economic exploitation of less privileged countries, particularly of the developing world. Whatever the view point, one thing is clear, every country is affected one way or the other by globalization. But each country’s experience differs according to its level of industrial development and national policies. For many countries however, it is a mixed grill of pleasures and pains or benefits and losses. As one writer puts it, “globalization is both a blessing and a curse to many societies”. This paper examines the Nigerian experience.

Since the past one and half decades there has been a great emphasis on entrepreneurship development in Nigeria. This is not unconnected with the perceived relevance of entrepreneurship development to the growth of the Nigerian economy and the economic and social benefits which it provides Nigerian people. However, the effort to pave the way for entrepreneurship development has not been without challenges. Economic analysts and industry observers have spotted many areas of difficulties. One of such difficulties which has been unanimously identified as the major problem bedeviling entrepreneurship development is lack of infrastructural facilities. This has been viewed and greatly orchestrated by industrialists and public commentators, as a very serious problem to the development of entrepreneurship in Nigeria. As Awe (2007) expressed, lack of infrastructure, particularly energy and transportation is the cog in the wheel of progress in the drive to making Nigeria an entrepreneurial society.

Although these difficulties exist and are noticeable and acknowledged by all as great mountains before entrepreneurs and government, it cannot be said that government is folding its arms and relaxing on its oars. It has made some laudable effort and had taken some giant steps directly and through its agencies to make economic policies that are friendly to entrepreneurship development. One major evidence of government concern is its economic policies of liberalization and deregulation in

recent years. These are aimed at opening up the economy for participation in every sector of the economy both by indigenous and foreign investors. These policy directions have helped as a means to key into the global economic liberalization and world economic free trade policy which allows business firms and investors access without restrictions, to all markets of the world.

The adoption of trade liberalization policy since 1986 is to be able to benefit from the fast integrating world economy. It meant the opening up of the Nigerian economy for foreign investment and hence embracing the globalization phenomenon. It has been the hope of government and stakeholders that keying into the globalization process would positively benefit the Nigerian society in the area of entrepreneurship development, among others. However, the question which many have raised is that, in what ways and to what extent has the globalization phenomenon impacted on entrepreneurship development in Nigeria? This question forms the basis for this paper. The paper presents a theoretical analysis of the situation by examining the Nigerian experience as a window for assessing the impact of globalization on entrepreneurship and business operation in developing countries. The auxiliary objectives include: To promote an understanding of the challenges and trade offs which globalization poses to entrepreneurs in developing economies; provide a window for scholars and nations’ economic authorities to view and examine the many implications and controversies surrounding globalization with respect to industrialization and economic development in many countries, drawing inferences from Nigeria; and suggest approaches and methods to optimize the role and impact of globalization on entrepreneurship.

1. REVIEW OF RELEVANT LITERATURE

1.1 Concept of Globalization

Globalization is an interdisciplinary concept which applies to many areas of human interaction and systems. Due to the diversity of the areas of human interaction to which it applies, there is no specific and all embracing meaning and definition of globalization. Each person who has written on the subject has attempted to make relevant interpretation of it, only to suit his area of interest. However, major areas of focus include economic, political and cultural systems, hence we have such descriptors as economic globalization, political globalization and cultural globalization.

In particular, in the realm of economics and business, globalization is viewed with emphasis on the free flow of economic resources and products. For instance, Baker (1996) from a market stand point, views globalization as the driving of societies into global commonality and thus harmonizing markets everywhere. In other words, it is the creation of a common market for all. He states that

the objective is to allow for easy access to markets. In the view of Ball, *et al.* (2002) globalization is the process of international integration of goods, technology, labour and capital. It involves implementing global strategies which link and coordinate the international activities of organizations on a world wide basis. The objective is to ensure free flow of goods and resources across nations of the world. A more business oriented definition is given by Pearce and Robinson (2003) who defined globalization as the strategy of approaching worldwide markets with standardized products. Also viewing it from business stand point, Ajayi (2003), Arruda and Enderle (2004) and Sagagi (2007) defined globalization as the integration of national economies through trade and capital flows, made possible by trade liberalization, opening of large and new markets, formidable increase in efficiency, the removal of capital control and the advancement of technology. According to Adenuga (2003) globalization is a process of creating a global market place in which all nations are increasingly forced to participate.

The point to note is that all of the views expressed above point to the fact that globalization is the creation of a borderless world economy for business and economic activities such that organizations can spread their operations across many nations without restrictions. It is indeed a new paradigm in international economic relations. Essentially, it is a phenomenon of modern capitalism aimed at creating a borderless global economy. The major highpoint of globalization is the removal of trade barriers among countries.

1.2 Concept of Entrepreneurship Development

An understanding of the roles of globalization in entrepreneurship development in any country begins by elucidating the concept of Entrepreneurship and Entrepreneurship development. Entrepreneurship has been viewed from different conceptual perspectives. However, in spite of the differences, there are some common aspects such as risk taking, creativity, new business formation and rewards. These commonalities have continued to be the driving force behind the concept and the permeating features of all the definitions about entrepreneurship. In this paper, we cannot present all of the definitions which have been proffered, but just enough to highlight the major views.

Hisrich and Peters (2002) defined entrepreneurship as the process of creating something new and assuming the risks or rewards. While in the view of Kuratko and Hodgetts (1998) entrepreneurship is the process of organizing, managing, and assuming the risks of a business. Entrepreneurship is also defined as the process of organizing and co-ordinating the factors of production and taking decisions which are necessary to establish a business enterprise and keep it in line with the Pattern of demand and market values (Meredith *et al.*, 1991). But Kuratko and Hodgetts (1998), pointed

out that entrepreneurship is more than the mere creation of businesses. "It involves the characteristics of seeking opportunities, taking risk beyond security, and having the tenacity to push an idea through to reality". In line with Kuratko and Hodgetts (1998), Akpor-Robaro (2004) defined entrepreneurship as the capacity or ability to identify opportunities and from there originate a new business idea and organize resources to implement it; or to organize resources in a new way to implement an existing business idea. Stokes (1995) linked entrepreneurship with small business organizations and defined it as the process of creating new organizations and more specifically, small business organizations.

The pivotal and critical element in entrepreneurship is creativity. Hence to many, entrepreneurship is about creativity towards positive change. More recent views on entrepreneurship point out that it is the ability to cause change on a continuous basis through creative innovation and innovative creation.

Entrepreneurship can be viewed from the perspective of the individual or the organization. From the perspective of the individual, it is the creative ability of the individual exhibited inside or outside an organization. Thus it is the ability to bring forth creative ideas. From the organization perspective, entrepreneurship implies decision and policy making in a manner that achieve the goals and objectives of the enterprise. It involves decision and policy making process of resource sourcing, deployment and allocation of resources to minimize cost, and to ensure effectiveness so as to reduce risk of loss of investment. For an organization, entrepreneurship is the source of innovative production and marketing. It is the tool for market competitiveness because it provides the competitive impetus for remaining relevant in the market place.

Entrepreneurship is therefore an integrated concept that permeates business activities at all levels. It is a phenomenon that has revolutionized the way business is conducted at every level and in every country (Kuratko & Hodgetts, 1998). Entrepreneurship plays an important role in both individual and national lives. For the individual, entrepreneurship offers the opportunity for employment (self-employment), income, independence (self-dependence or reliance) and self actualization. For a nation, entrepreneurship engenders economic growth, productivity, creation of new technologies and products, market place change, conservation of foreign exchange, development and effective utilization of local resources; propagation of interdependence among business organizations; and re-distribution of wealth leading to economic egalitarianism among members of society. It is also important to point that entrepreneurship provides a method for bridging the gap between science and the market place. It helps to convert invention to productive and profitable venture. Thus for any nation, entrepreneurship is the engine of economic growth

and development. For this reason, the relevance of entrepreneurship cannot be overemphasized. It is against this background that entrepreneurship development is crucial in any society.

However, the concept of entrepreneurship development has two aspects or levels. The first level deals with development of entrepreneurial personality - skills, motivation, values and behaviour of an individual that will enable him/her perform the entrepreneurial role or task. This aspect relates to the individual personality formation and is often described more precisely as entrepreneurial development. It requires mentoring, behaviour modification and conditioning, learning, and value reorientation. In agreement with this view, Awe (2007) defines entrepreneurship development as the imparting or building in the actual entrepreneurs, potential traits and behavioural characteristics, the necessary skills and competencies to make them effective and better behaved individuals in their entrepreneurial roles.

The second aspect deals with the pulling together of resources to form a productive enterprise and operating the enterprise successfully as a going concern. In other words, it is the creation and operation of business venture. It involves the actual investment of financial resources, time and effort, and carrying out managerial functions to ensure the success of the enterprise i.e. to ensure that its profit making objective is realized. In this perspective, entrepreneurship development is concerned with commitment of resources to business venture. Simply, it is the process of business ownership and operation.

1.3 The Impacts of Globalization on Entrepreneurship Development and Economic Growth

It is discovered that since the introduction of the “global economy”, organizations have assumed a global focus concerning international trade balances, currency fluctuations, increased competition in marketing activities, improved manufacturing operations, technology and labour exchange or mobility. Today it is not unusual for an organization headquartered in one country to oversee business operations in other countries; to sell its products in dozens of countries, enjoy technology developed in other parts of the world; and to face competition from companies based in other countries. In essence, there has been an expanded market and the world economy has experienced a tremendous boost in industry and economic growth.

There is no gain saying that with globalization current, new generation of national governments and leaders are now developing very ambitious new goal of economic growth and a series of economic reforms to be phased into the global economy and the globalization phenomenon. These reforms are particularly directed at promoting entrepreneurship within state owned businesses, permit certain businesses to experiment with restructuring

and allow entrepreneurs to start small privately owned businesses to take advantage of 20th century technology and innovation. As Sagagi (2007) puts it “today countries at various stages of development are willingly or grudgingly opening up their economies to allow for free flow of goods and services as well as foreign investments”. In order to benefit from globalization, countries have deliberately implemented economic reforms in line with the globalization phenomenon not only at government level, but also, private corporate organizations are increasingly taking proactive steps to exploit the expanded market across the world.

The impact of globalization on world economy as reported by Ajayi (2003) indicates that global trade flows increased by 16 fold in the last 50 years as a result of reduction of trade barriers (Sagagi, 2007). Many countries that embraced the globalization process are found to be bridging the income gap, and consumption level of their people. As one author commented, the result of globalization is a new commercial reality - the explosive emergence of global markets for globally standardized products, gigantic world scale markets of previously unimagined magnitudes. The consequence of this is increase in trade and income level, reduction in poverty, and increase in consumption level and welfare of society. All of these are due to the influence of globalization on entrepreneurship development and performance. Apparently, entrepreneurship development provides the bridge between globalization and economic growth.

As suggested in the literature by various authors, globalization affects entrepreneurship in diverse ways. First, it is largely posited that globalization removes trade barriers and open up formerly protected markets for competition and so encourages domestic entrepreneurs to develop new products and to look farther a field for markets in which to sell them. Furthermore, the rapid increase in global competition occasioned by globalization has forced firms (entrepreneurs) to constantly adjust to changing conditions or lose markets to competitors. It has therefore spurred local entrepreneurs to search for methods of increasing efficiency and economy.

Another positive consideration presented in the literature is that globalization naturally engenders quality production and products. This follows from its major characteristic of business competition. Competitiveness is a readily noticeable fall out of globalization. It implies the relative standing of one competitor against other competitors in terms of product standard and associated services (Nickels *et al.*, 2002; Pearce & Robinson, 2003). Implicitly, globalization puts entrepreneurs on their toes towards quality production. This calls for extraordinary creativity and continuous research for innovation i.e. best ways and methods of operations. The entrepreneurs therefore engage in what may be referred to as “learning entrepreneurship”.

A further positive consideration is that globalization leads to lower prices of goods and services as a natural incidence of competition. This is beneficial to entrepreneurs as much as it is to the final consumers. Entrepreneurs benefit in form of lower cost of resources. Furthermore, globalization enables firms (entrepreneurs) to pursue undifferentiated strategy, without adjustment of products to particular needs; hence they are able to eliminate cost associated with changing of patterns and designs of products. Essentially, globalization creates firms called global corporations which operate with resolute constancy, doing and selling the same things in the same way every where to meet the common need of consumers at low relative cost. In other words, globalization offers markets lower prices at the favour of both final consumers and intermediate consumers (entrepreneurs) through the operations of global firms which use their worldwide outreach to compete in local markets at reduced cost due to large scale production (Nickels *et al.*, 2002).

It has also been argued for globalization with regards to entrepreneurship development that it provides easy accessibility to markets for producers to dispose their products, and also sources of materials and technology for entrepreneurs. Through globalization entrepreneurs have access to technologies developed elsewhere and can be led to develop new technologies in emerging markets and also have opportunistic entry into entirely new industries that can significantly improve their sales. An addendum to this argument is that globalization aids technology transfer through international mobility of factors of production. Entrepreneurs are able to borrow ideas on methods and processes from overseas which they can use in their operations in their home countries. As expatriate move into emerging markets, they provide new knowledge and technology which can assist and be of huge benefit to local entrepreneurship development. Thus, globalization facilitates technology transfer amongst nations.

Along the above line of thought it has also been argued that globalization enables entrepreneurs to take advantage of infrastructural facilities in other countries. Particularly, entrepreneurs in developing countries can move their operations to other economies where infrastructural facilities are available for economic activities at relatively low cost.

Globalization also provides entrepreneurs with enormous opportunity for funding their businesses through inflow of foreign capital. Foreign investors or financiers would have easy way to collaborate with local entrepreneurs on joint ventures to provide the necessary fund which may not be available through local sourcing by the host partner. Beyond collaboration for reason of funding, local entrepreneurs can also collaborate with foreign entrepreneurs or investors for managerial and/or technical reasons. Where local entrepreneurs have the fund but lack the managerial and technical skill or

expertise, then collaborating with foreign partners may be required. These are made easier through globalization. In general, globalization provides windows for collaboration by entrepreneurs/firms with other entrepreneurs (firms or individuals) outside their areas such that even a relatively small service firm or a budding entrepreneur that possesses a distinct advantage can capitalize on large overseas support for their operations.

Although this has been reported very scantily in the literature, one important way which globalization has affected entrepreneurship development positively is by entrepreneurial personality change, through cultural association and interaction. Inter-cultural interaction affords individuals the opportunity for learning the entrepreneurial culture which make other societies thick and other entrepreneurs successful.

Essentially, culture learning through association with entrepreneurs from entrepreneurially developed societies would produce positive impact on the learners in terms of the values, philosophy, attitude and behaviour which make an individual successful as an entrepreneur. The need for philosophical and value reorientation, and attitudinal and behavioural change for sustainable entrepreneurship development cannot be overemphasized. These elements in their positive states constitute the hallmark of entrepreneurial personality. Globalization offers the windows for inter-cultural association which fosters the development of positive entrepreneurial personality.

Interestingly, many of the views expressed in the literature on the role of globalization in entrepreneurship development are in the positive direction. However this does not suggest that entrepreneurship development enjoys only benefits or positive influence from globalization. It is not enough to appreciate the basic benefits of globalization, we also must be beware of its basic faults or weaknesses and negative impact on entrepreneurship. A number of the negative impacts of globalization on entrepreneurship as suggested in the literature by analysts are therefore presented here.

One major weakness of globalization with regards to entrepreneurship, according to a number of views in the literature, is the fact that it discourages creativity and innovation by citizens of less developed countries. The argument is that because these countries enjoy different products with relative constancy under the global market system, they are never motivated to be creative.

One other argument against globalization is that it compels small firms and budding entrepreneurs to compete in the same market with big firms that are already established as conglomerate, which have the advantage of relatively low cost of production particularly in developed economies where infrastructures are readily available at very low cost. This places small and budding entrepreneurs at a disadvantaged position vis-à-vis big firms and entrepreneurs from developed economies. This

situation is more serious for entrepreneurs in developing countries which operate at very high cost due to lack of infrastructures. Such entrepreneurs are at the mercy of their counterparts from the developed economies in terms of pricing and other elements.

Another argument which has been strongly made in the literature against globalization as it affects entrepreneurship development is that globalization puts extra burden on entrepreneurs either in terms of product standardization for undifferentiated market or in terms of product differentiation for differentiated markets, to meet the needs of each of the various countries which they serve. Not being able to cope with the technical and/or managerial expertise required for standardization or differentiation poses difficulty for entrepreneurship under globalization.

Perhaps one of the most important ways globalization has thwarted entrepreneurship development as reported in the literature is the opportunities it opens for dumping of goods. In many cases such goods are those that cannot find markets in their home countries or elsewhere for reason of being substandard or fake. At the dump countries such goods are sold cheaply and this affects the pricing of local products adversely thereby making entrepreneurship development in such line of products unattractive to indigenous entrepreneurs, considering the cost structure which they are faced with.

It has also been mentioned that globalization breeds financial and capital flight by opening or providing avenues for people with resources who find the home economy unfriendly for investment or individual with professional expertise who cannot find placement suitable for them. Such movement of resources negatively affects entrepreneurship development in terms of the death of finances and managerial/technical skill that it creates in the home economy. Besides, it provides a conduit for foreigners to siphon financial resources from the host countries, in the name of profit which they repatriate to their home countries, and thereby depleting the financial resources available for investment by local entrepreneurs.

2. ANALYSIS AND DISCUSSION OF THE NIGERIAN EXPERIENCE

2.1 Analysis

The globalization drum started beating high in Nigeria from 1999 when the present regime of economic liberalization was introduced as a policy measure by the Nigerian democratic government, coming out of military dictatorship, with largely closed door economic policy, to open up the economy for foreign investment, as a way to increase industrial production and economic activities.

However, the analyses of Nigerian economic performance in terms of production (output) and trade

(imports and exports) shown in CBN annual report for each of the past years between 2000 and 2010 indicate that over the period, industrial production in the non-oil sector has recorded a decline in many of the years. The manufacturing sector has particularly been unimpressive in majority of the periods. Evidently the non manufacturing industry has in most part, driven the non oil sector. The statistics on import values shows a rising trend pattern over the period. The value of import items increased over their respective levels in the preceding year, with imports of manufactured goods dominating total imports in almost all of the years (see Tables 1 & 2 below). Within the period, export value shows a random movement, rising and falling in some years. Generally, export within the period was driven by oil sector. In many of the years that the value of non-oil exports increased, the increase was largely driven by the non-manufacturing sector.

The breakdown of the analysis of output, import and export values during the period is presented as follows.

2.1.1 Output Analysis

The analysis of the annual industrial output reported by CBN (2004) revealed that in 2004 while aggregate industrial output improved by 4.6% over the level in 2003, manufacturing production, however, declined by 1.0% over the level in 2003. The major factors which contributed to this fall in manufacturing output include: Low aggregate demand, high cost of production, deficient infrastructural facilities, and the relatively poor quality of "made in Nigeria" goods (CBN, 2004).

In 2005, the trend continued. Industry as a group grew marginally. The contributions from the non-oil sector was driven by the non manufacturing sectors, mainly, Agriculture (41.2%), Services (15.2%), General commerce (13.7%). Manufacturing output stagnated. The unimpressive growth in manufacturing output was again attributable to the continued existence of the factors which affected the sector in 2004.

Again, in 2006, although the non-oil sector recorded improved performance, this was largely driven by the growth in agriculture, wholesale and retail trade, building and construction, and services with 7.2, 13.7, 12.1 and 8.9 percent respectively (CBN, 2006). The manufacturing sub-sector still recorded unimpressive performance. The index of manufacturing production declined by 1.5% below the level in 2005. The deterioration in performance was attributed to environmental factors particularly the worsening power supply situation, which raised the cost of production. In addition, there was also the problem of unfair competition from cheaper imports (CBN, 2006).

In 2009, the index of production showed a marginal increase of 0.4% over the level in 2008 (CBN, 2009). Manufacturing production also rose by 1.3% as a result of increase in the output of cement, sugar, confectionary and beverages (CBN, 2009). Evidently, this improvement was marginal. However, contributory to this growth

was the “campaign for patronage of made in Nigeria products” launched by the Federal ministry of commerce and industry, as part of efforts to reduce importation of consumer goods to ensure increased industrial output (CBN, 2009).

2.1.2 Import Analysis

In 2004, CBN annual report showed that the value of all imports increased over their respective levels in 2003, with non-oil sector imports increasing by 18.5%. Import of consumer goods in total imports increased by 1.6% over its 2003 level. Manufactured goods dominated total imports, accounting for 29.4% of the total import followed by machinery and transport equipment (23.1%) and chemicals (22.7%).

In 2005, the situation worsened. Total imports increased by 42% over the level in 2004, with non oil sector imports increasing by 83.8%. Analysis of imports, using the standard international trade classification (sitc), revealed that the value of all import items increased over their respective levels in 2004 (CBN, 2005). The report indicated that imports of manufactured goods dominated total imports as in 2004, and accounted for 32% of total import.

In 2006, the analysis of import by the SITC, revealed the same trend for imports. Not only that the total import increased but the value of all non-oil import items increased over their respective levels in 2005, and the import of manufactured goods dominated and accounted for 32.3% of the total import. In 2007 and 2008, the same pattern was repeated as in the preceding years. Not only that the total import increased in these years, but the value

of all non-oil import in each of these years increased over their respective levels in the preceding years, and the import of manufactured goods dominated and accounted for 32.8 and 33.0 percent of the total imports for each year respectively.

In 2009, there was a general decline in imports with non-oil imports representing 77.4% of total imports. However, the situation was attributed to the weak consumer and industrial demand occasioned by the second round effects of the global economic melt down (CBN, 2009).

2.1.3 Export Analysis

Although the analysis of export figures shown in the annual reports of CBN, revealed a rising trend line over the period between 2000 and 2009, for non oil export, it is however noticeable that the increases are marginal and insignificant when compared with the increases in import over the period. The analysis of non-oil exports by products for the period shows that bulk of the non-oil exports are primary products which usually command low prices in international market. Export of manufactured goods is quite marginal. For instance, in 2004, 2005, 2006, 2007, 2008 and 2009, manufactured goods accounted for only 5.0, 9.8, 1.1, 10.3, 8.8 and 9.1 percent respectively, of total non oil exports. Evidently the increases shown in total exports over the years are driven majorly by the oil sector. The productivity in the non oil sector has remained low, with the sector performing dismally over the decades, accounting for below 3.0% of total exports (CBN, 2009). This reflects the low level of entrepreneurship in the sector.

Table 1
Volume of Foreign Trade (=N=Million)

Year	Imports (CIF)			Exports& Re-Exports (FOB)		
	Oil	Non-Oil	Total	Oil	Non-Oil	Total
2001	237,106.8	1,121,073.5	1,358,180.3	1,839,945.3	28,008.6	1,867,953.9
2002	361,710.0	1,150,985.3	1,512,695.3	1,649,445.8	94,731.8	1,744,177.7
2003	398,922.3	1,681,313.0	2,080,235.3	2,993,110.0	94,776.4	3,087,886.4
2004	318,114.7	1,668,930.6	1,987,045.3	4,489,472.2	113,309.4	4,602,781.5
2005 1/	797,298.9	2,003,557.4	2,800,856.6	7,140, 578.9	105,955.9	7,246,534.8
2006 1/	932,495.7	2,479,680.9	3,412,176.6	7,191,085.6	133,594.9	7,324,680.5
2007 1/	819,964.24	3,561,965.7	4,381,930.0	7,950,438.3	169,709.7	8,120,147.9
2008 2/	920,079.52	5,001,370.2	5,921,449.7	9,680,194.2	94,316.7	9,774,510.9
2009 1/		4,641,105.4			286,325.5	

1/ Revised

2/ Provisional

Source: National Bureau of Statistics/Central Bank of Nigeria.

Table 2
Value of Imports by Major Items (=N=Million)

Year	Food & live stock	Beverages & Tobacco	Crude materials Inedible	Mineral Fuels	Animal & Veg. Oils & Fats	Chemicals	MFGD Goods	Machinery & Transpt Equip	Miscellaneous MFGD Goods
2001	160,209.1	9,503.9	62,454.3	17,650.2	20,365.6	294,970.0	406,734.1	327,206.7	54,308.2
2002	144,297.6	13,670.8	75,763.3	21,112.7	21,279.4	298,318.1	473,478.8	378,826.5	82,229.3
2003	201,648.3	18,830.1	105,211.6	28,924.7	34,185.8	422,165.2	650,365.2	498,815.9	115,481.2
2004	178,747.4	21,846.7	101,970.4	26,709.9	39,307.6	451,618.4	584,645.4	458,917.1	117,210.2
2005 1/	193,259.1	28,008.6	165,250.5	56,017.1	70,021.4	677,807.2	899,074.9	613,387.5	84,025.7
2006 1/	235,440.0	34,121.8	201,318.4	64,831.4	85,304.4	822,334.6	1,102,133.0	747,266.7	102,365.3
2007 1/	271,679.7	43,819.3	262,915.8	78,874.7	96,402.5	1,060,427.1	1,437,273.0	990,316.2	122,694.0
2008 2/	355,287.0	59,214.5	325,679.7	88,821.8	148,036.2	1,480,362.4	1,954,078.4	1,302,718.9	177,643.5

1/ Revised

2/ Provisional

Source: National Bureau of Statistics/Central Bank of Nigeria.

2.2 Discussion

From the analyses of output, import and export above, it is evident that local production particularly in the Nigerian manufacturing sector, has been on a decreasing trend, since 2000. Also, it is shown that, there have been more imports of goods into the Nigerian economy than Nigeria has exported since 2000. The implications of massive inflow of foreign goods into Nigeria market, for entrepreneurship, cannot be over emphasized.

Two major aspects of entrepreneurship which are directly affected by the situation are production and marketing. A critical evaluation of these aspects of entrepreneurship and business operation in Nigeria, particularly in manufacturing and commerce, suggests that the Nigerian experience of the impact of globalization on entrepreneurship development is a mixed grill of both positive and negative impacts.

On the positive impacts, one can quickly see that globalization has expanded the marketing frontiers for Nigerian entrepreneurs, by creating avenues both for selling and purchasing. It has created easy access to market for producers to dispose their products overseas and also to source materials and technology which are available in other countries.

It has also widen the scope of sources of marketable products for traders, particularly importers. With access to multitude of producers overseas, Nigerian importers are able to negotiate prices favourably both for final goods and industrial goods. This is visibly seen in the prices of foreign goods in the Nigerian market today, particularly those from the Asian countries. Again, the influx of foreign goods has created opportunities for trading in different types of goods by many people. This, arguably, has advanced entrepreneurship in Nigeria and create business for people.

A major consequence of globalization is competition. Entrepreneurs in Nigeria are now faced with

high competition from outside, particularly in the manufacturing and processing industries. The reality of competitive market has made entrepreneurs to adopt more effective approaches to marketing and business management in general. In a bid to win the market, Nigerian entrepreneurs have become more consumer needs oriented in their activities and decisions in terms of both pricing and product quality. A direct consequence of this new approach is increased creativity and innovativeness, among Nigerian entrepreneurs. In other words, the need to overcome the challenge of foreign competitors who have entered the Nigerian market through the windows of globalization, has forced Nigerian entrepreneurs to be more creative and innovative. For example, local product designs have witnessed constant change and a great deal of improvement, and the production of varieties of certain products in the last ten years.

These positive observations about the impact of globalization on Nigerian entrepreneurship makes globalization to appear very attractive to many people as a good window for entrepreneurship development. However, one cannot but state that, these observations are based on surface view, and not in-depth analysis of the situation. A deeper and critical view particularly within the context of the Nigerian socio-economic environment revealed that in spite of the seeming positive impact on the development of Nigerian entrepreneurship in the preceding arguments, globalization cannot be said to be of immense benefit to entrepreneurship in Nigeria in the real sense of it. Instead, it has posed a great challenge to the development and growth of Nigerian entrepreneurship, particularly in the manufacturing and processing industries as well as importation businesses. This is against the background of the environmental constraints which the Nigerian entrepreneur is confronted with, and which invariably limit his operations from being optimal.

The challenge is majorly in marketing. Evidently,

globalization has enabled cheaper goods to come into the Nigerian market, and considering the cost of production, locally, it is difficult for local entrepreneurs to favourably compete with producers of these foreign goods with cheaper cost of production in their home countries. Not only do the local producers have challenge with pricing but also with the quality of the goods brought into the market, a lot of which are of higher quality than the locally made. These factors have made the demand for locally produced goods very low.

Besides, globalization has made it possible for easy access to foreign goods by Nigerians and because of their features of comparatively lower prices and higher quality, there now exists some sort of homophobia syndrome among Nigerians with respect to locally produced goods. Consequently, many foreign producers and Nigerian importers of their products have now taken advantage of the situation to bring inferior and sub-standard goods to sell cheaply in the name of foreign goods, knowing that Nigerians have become obsessed with foreign labels.

Another aspect of the negative impact of globalization on entrepreneurship development which is of interest, is the fact that, it has caused a great deal of unwholesome entrepreneurial behavior, particularly in the manufacturing industry. This has come in the form of fraudulent and unethical practices such as stamping foreign labels on locally produced goods, imitating and faking foreign products. While some supposed manufacturers have resorted to importing products and repackaging them as though they were produced by them, others arrange with foreign producers to make products in their company labels right from the source. However, the very sad point is that some of these individuals who engage in these acts deliberately arrange with the foreign producers to produce substandard products to cut cost, so that they can sell at low prices.

Apparently, globalization has changed the natural and healthy competition in perfect market condition, the framework for sustainable entrepreneurship, to rivalry and market welfare in Nigeria, with all sort of unwholesome and unimaginable approaches, so as to keep pace with the global market challenge and remain relevant in the market.

CONCLUSION AND RECOMMENDATIONS

The preceding analysis of the impacts of globalization on entrepreneurship in Nigeria, has shown that, in spite of the seeming positive impact (advantages) which a surface view of the situation tends to project, it is still glaring that Nigerian entrepreneurship is far worse off with globalization, as non-industrialized country. Obviously, Nigeria is in a disadvantaged competitive position industrially, as a developing country with a myriad of constraining factors on entrepreneurship and

business operation. As in most developing countries, the poor conditions of its local business environment characterized with lack of infrastructure, make it difficult for entrepreneurs to operate at competitive cost function. To worsen the situation, Nigeria provides a large market and free business zone, with vast opportunities, without regulatory rigidities. These make the Nigerian environment an attractive and desirable market to foreign companies to do business, and because of the cost advantage these foreign producers have, they are able to compete out of market the local producers whose cost of production is very high relatively. In the circumstance, only very insignificant number of local entrepreneurs are able to withstand foreign competition brought about by free international market system which is being referred to as globalization.

Considering the great need for Nigeria to truly industrialize and the depth of the negative impact of the open international market system on Nigerian entrepreneurship, one cannot but conclude that globalization is apparently not a fair deal for Nigeria as a developing, non industrialized country. The advent of globalization as away of making nations to be supportive of one another to develop individual nations economy and the world economy is not yielding Nigeria good dividend. Simply, the position by this paper is that globalization is not serving Nigeria any useful purpose. Evidently, it is detrimental to entrepreneurship in Nigeria. It has created a situation where bulk of the Nigerian entrepreneurs are merely traders and agents of foreign companies, and consequently, reduced the Nigerian economy to a commerce (buying and selling) economy, by making it difficult for the local manufacturers to survive. It is the growth of the manufacturing and processing businesses that largely determine the true extent of entrepreneurship development in a society. There is no gain saying that entrepreneurship in this sector is being dealt a big blow.

Furthermore, we have noted that, globalization has introduced a new phase of entrepreneurial behavior that is deceptive, fraudulent and value debased, into Nigerian entrepreneurship. This new face of creativity, opportunity seeking, risk taking, goal getting, pro-activeness, perseverance and optimism which now underlie entrepreneurial behaviour apparently cannot allow for sustainable entrepreneurship development and growth in Nigeria, in practical sense.

The Nigerian experience is instructive to other developing countries, particularly of Africa. Obviously, developing nations are disadvantaged in the impact of globalization on entrepreneurship development and economic growth. Apparently, it has created a problem of perpetual dependence on developed and industrialized nations by the less privileged or developing, non industrialized nations. With the state of industrialization of many nations, globalization is only providing markets

and sources for mobilizing resources for industrialized nations in developing and non industrialized nations. One cannot but state that it is a strategic arrangement by the strong to keep the weak perpetually weak, in the guise of mutual cooperation and benefit. In a nutshell it is the new face of Imperialism using a milder and less suspicious approach. In the circumstance, Nigeria and many other countries of Africa cannot grow an entrepreneurial society and industrialized nation in the near future.

The burden which globalization brings to bear on entrepreneurship and industry in developing, non industrialized economies presents challenges to which these nations can only close eyes at their own risk and detriment. The central challenge for these nations is however, for them to lessen this burden by managing the influence of globalization in such ways that optimize the impact on their economies. This task is a joint responsibility for both industry (management of companies) and government. It is recommended that both parties must primarily and very importantly make concerted effort to make industries and companies competitive. In furtherance of this end, there is need for a complete paradigm shift by both government and companies.

On the part of government, it must make conscious effort to create an enabling environment for operation by industries to make them competitive in the global market by creating infrastructures to support industry operations and thereby making their operations cost effective. Furthermore, government must engage economic policies to protect local industries from the marketing power and aggression of foreign competitors who now have advantage over local producers because of obvious reasons. In this regard it is recommended that developing countries, rather than adopt express free trade policy, must operate a selective or guided open system with regards to business or product entry into their economies from outside, to guard against market adverse effect of trade liberalization.

On the part of industries and companies, there is need for them to shift from advantages due from protection by government to advantages due from competitiveness as a result of increased productivity and unique and distinctive products. This needs a totally new approach that ensures that corporate Capabilities (available resources and skills) are adequate and well suited in delivering greater value. As Sagagi (2007) suggests, companies should be flexible, adaptable, creative and capable of uniquely learning from what makes their counterparts in the newly industrialized nations successful.

REFERENCES

- [1] Adenuga, A.O. (2003). Information Technology and Globalization: The Challenges of Human Capital Development in Nigeria. *CBN Bullion*, (July/Sept), 45-55.
- [2] Ajayi, S.I. (2003). *Globalization and Equity in Sub-Saharan African: The Myth and the Reality*. Retrieved from www.gdnet.org
- [3] Akpor-Robaro, M. Robaro (2004). *Introductory Notes on the Theories of Entrepreneurship*. Lagos: Bendona and Associates.
- [4] Arruda, M.C., & Enderle, G. (2004). In FGV (Ed.), *Improving Globalization*. Brazil.
- [5] Awe, K.O. (2007). The Environmental Influences that Shape the Path to Entrepreneurship. In Folarin, B.A., Ogundele, O.J.K. & Alaka, N.S. (Eds.), *Environment, Values and Policies in Nigeria*. Lagos: Environment and Behaviour Association of Nigeria (EBAN).
- [6] Baker, M. J. (1996). *Marketing: An Introductory Text* (6th ed.). London: Macmillan Press Ltd..
- [7] Central Bank of Nigeria. *Annual Report and Statement of Accounts, 2001-2009*.
- [8] Hisrich, R. D., & Peters, M. P. (2002). *Entrepreneurship* (5th ed.). London: McGraw-Hill, Irwin.
- [9] Kuratko, D.F., & Hodgetts, R.N. (1998). *Entrepreneurship: A Contemporary Approach*. U.S.A.: The Dryden Press, Harcourt Brace College Publisher Orlando.
- [10] Meredith, G.G., Nelson, R.E. & Neck, P.A. (1991). *The Practice of Entrepreneurship*. Lagos: University of Lagos Press.
- [11] Nickels, W.G., McHuch, J. M., & McHuch, S. M. (2002). *Understanding Business* (6th ed.). London: McGraw-Hill, Irwin.
- [12] Pearce II, J.A. & Robinson, R.B. (2003). *Strategic Management: Formulation, Implementation and Control* (8th ed.). London: McGraw-Hill, Irwin.
- [13] Stokes, D. (1995). *Small Business Management: An Active Learning Approach*. London: Letts Educational Aldine Place.
- [14] Sagagi, M.S. (2007). Globalization and Business Environment: Critical success factors for Corporate Leaders in Nigeria. In B.A. Folarin *et al.* (Ed.), *Environment, Values and Policies in Nigeria: A Book of Readings*. EBAN, LASU, Ojo.